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UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA

)	
)	Case 23-10055-mkn
In re:)	Trustee: JEANETTE E. MCPHERSON
)	
CHRISTONE DISTRIBUTION, INC.)	Chapter: 11 Subchapter V
)	
Debtor(s))	Date: April 17th, 2024
)	Time: 9:30 a.m
)	
)	

Declaration of Jing Liu in Support of Feasibility of Plan #6 [ECF No. 140]

I, Jing Liu, declare under penalty of perjury that the following is true and correct to the best of my knowledge, information, and belief:

1. I am the principal of Christone Distribution, Inc. (“Debtor”, “us” or “we”), involved in the Chapter 11 bankruptcy case under Subchapter V filed on January 7, 2023 [ECF 1].

2. I have personal knowledge of the matters stated herein. I refer to several charts and tables in this declaration which are sourced from information available to me through our Amazon.com seller’s dashboard as well as data obtained from our bank account statements. If called upon to testify, I could and would competently testify to the facts set forth in this declaration.

3. The purpose of this declaration is to demonstrate the feasibility of payments as proposed in the plan despite the front-loading of payments to Amazon Capital Services (“ACS” or “Amazon”). Despite recent amendments to the proposed payment schedule in an effort to accommodate the seasonality of the Debtor’s revenue and to smooth out the payment schedule, the proposed plan is still somewhat front-loaded (meaning that the first several months of the plan will require significantly higher payments to Amazon than the remaining months of the plan).

4. Specifically, the Debtor's payment schedule pursuant to the proposed plan [ECF No. 140] is outlined in the table below by month. Each month the Debtor will be required to make payments of between \$5,459 and \$35,486.79 depending on the month.

Month(s)	ACS	BZNY	Landlord	Marcus by G.S.	Mulligan Funding	Subchapter V Trustee	Debtor's Attorney	Total Payment
1	\$5,000	\$3,032	\$3,897	580.67	\$1,874.12	\$17,000	\$0	\$31,383.79
2	\$5,000	\$3,032	\$3,897	580.67	\$1,874.12	\$0	\$0	\$14,383.79
3	\$5,000	\$3,032	\$0	580.67	\$1,874.12	\$0	\$0	\$10,486.79
4-9	\$30,000	\$3,032	\$0	580.67	\$1,874.12	\$0	\$0	\$35,486.79
10	\$19,359	\$3,032	\$0	580.67	\$1,874.12	\$0	\$0	\$24,845.79
11	\$0	\$3,032	\$0	580.67	\$1,874.12	\$0	\$0	\$5,459.79
12	\$0	\$3,032	\$0	580.67	\$1,874.12	\$0	\$3,000	\$8,486.79
13	\$0	\$0	\$0	\$1,926.65	\$6,218.36.	\$0	\$15,000	\$23,145.01
14	\$0	\$0	\$0	\$1,926.65	\$6,218.36.	\$0	\$2,000	\$10,145.01
15-60	\$0	\$0	\$0	\$1,926.65	\$6,218.36.	\$0	\$0	\$8,145.01

5. I have personally reviewed this payment schedule with our attorney, keeping in mind the importance of our continued business relationship with Amazon, and our reliance on the Amazon platform for our business operations. This declaration will focus primarily on Amazon simply because these large payments appear to be the primary basis of concern expressed by the Subchapter V Trustee [Objection at ECF No. 112] and by the United States Trustee [Objection at ECF No. 113].

6. Specifically, it is the payment obligations during months 4-9 of the plan, with payments of \$30,000 per month to Amazon specifically, and total payments due under the plan of \$35,486 per month in total, that would seem to raise the largest concerns around feasibility.

1
2 7. I have evaluated this payment schedule in light of my extensive personal experience
3 managing our company cash flow and observing the seasonal and economic fluctuations in
4 orders with our business, with the cautious goal of ensuring that the plan we have proposed is
realistic.

5 a. We've already demonstrated, through actual financial conduct, an ability to make
6 these large payments to Amazon.

7 When the company initially filed the bankruptcy case, it was important to us to reach an
8 agreement with Amazon so that we could continue to maintain a relationship with Amazon and
9 continue to utilize the Amazon platform for our business. On April 6th, 2023 we reached an
10 agreement with Amazon that called for large monthly payments of \$20,000 per month and each
11 payment under that stipulation was paid timely or early [See ECF No. 38, (later modified at
ECF No. 132), See Also Amazon Payment Ledger, attached hereto].

12 For instance, this calendar month, April 2024, we've already made the \$30,000 payment
13 to Amazon as agreed in the stipulation at ECF No. 132 (See Amazon Payment Ledger).
14 Significantly, a total of \$210,000 has been paid to Amazon since the inception of the bankruptcy
15 case. At risk of overstating this point, it's worth pausing to appreciate this number, \$210,000
16 that has been paid to Amazon during the pendency of this case. When a debtor has made so
17 much progress towards repayment of its largest and most important creditor in such a short
18 period of time, it doesn't seem logical to deny confirmation on the basis of feasibility. As the
saying goes, "the proof is in the pudding;" our actual behavior to date has shown our ability to
fund these payments.

19 b. Only five (5) more of the "large" payments are due under the terms of the
20 stipulation with Amazon [ECF no. 132].

21 Because the amended plan payment schedule [ECF No 140 filed 1/16/2024] was
22 proposed alongside a modified stipulation with Amazon [ECF No. 132 filed 1/2/2024] and was
23 specifically designed to coincide with that stipulation, but then the plan confirmation was later
24 continued for unrelated reasons, we are actually much further along with our payments to
25 Amazon than would be required under the proposed plan. Another way of saying this is that we
26 are already five (5) months ahead of schedule with respect to Amazon specifically. We have
27 already made the payments to Amazon that are called for in months 1, 2, 3 and 4 of the plan,
28 and this month we have already made the increased \$30,000 payment to Amazon as called for at
month four (4) of the plan (See Amazon Payment Ledger).

c. Our ability to fund the plan is not easily discernible from a review of the filed

MOR's because the large payments to Amazon are not reflected in the MOR's. The Amazon payments are made directly on the Amazon platform before any funds are deposited into our company's DIP account.

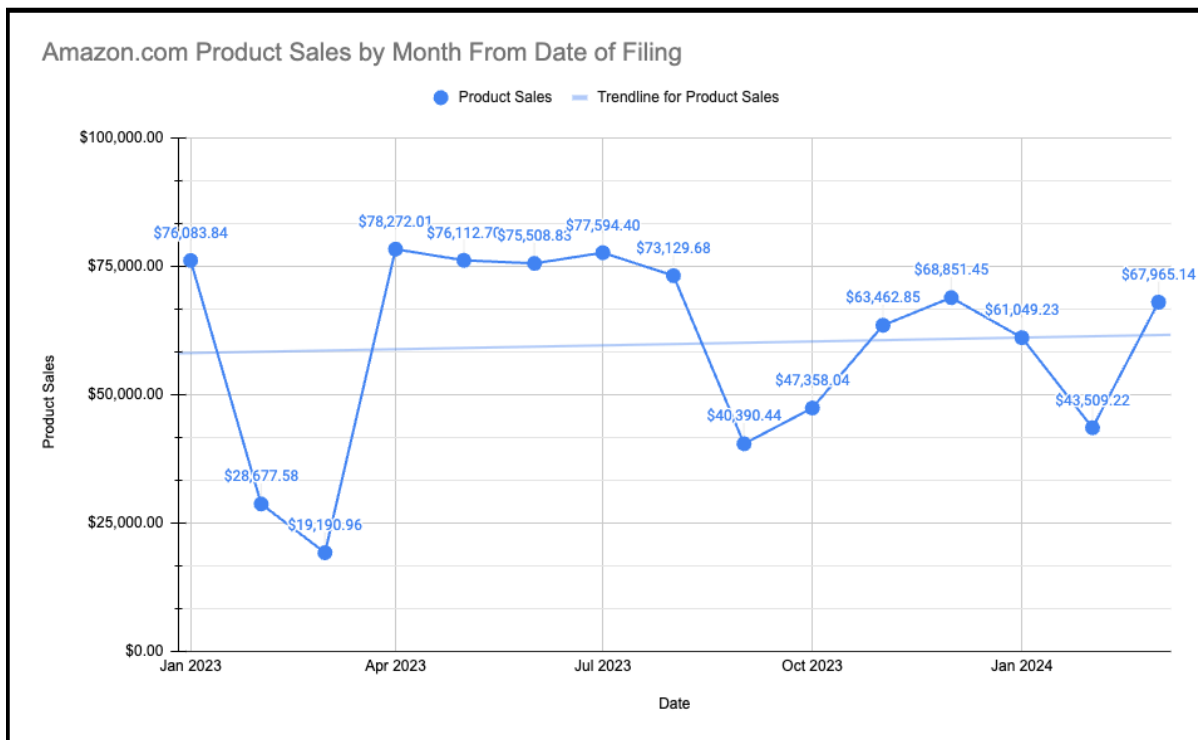
Thus, the \$210,000 that has been paid to Amazon since the inception of this case is not reflected on the monthly operating reports ("MOR's") because the funds are paid to Amazon before they are ever deposited into our company's DIP account (See Amazon Payment Ledger). For this reason, a review of the "cash receipts" for each month as reflected on the MOR's doesn't tell the whole story.

d. I have already observed a seasonal pickup in sales for our business, and our business fundamentals are improving. The increased payments due under the plan are perfectly aligned with our seasonal increased sales expectations.

Our business operates in a market significantly influenced by seasonal trends. Our main products are tires for a variety of vehicles and equipment, including agricultural machinery, lawn and garden equipment, trailers, tractors, and wheelbarrows. We see our highest sales during the spring and summer months due to increased demand for agricultural and gardening equipment. On the other hand, the winter months bring a noticeable decrease in sales because of reduced demand for agricultural and outdoor equipment, leading to lower revenue for us. Despite this, our total order sales for Q1 of this year (\$172,523.59) have increased 189% when compared year-over-year to Q1 of 2023 (\$146,964.69). This represents an improvement in our business fundamentals. In addition, I have already observed a seasonal increase in sales that I expect to meet or exceed last year's sales numbers. If this trend continues, we will have no difficulty covering the payments as outlined in the proposed plan.

8. Historical and Future Sales

The embedded chart, below, illustrates the monthly product sales of the company. I have compiled these numbers from sales data available to us on the Amazon.com seller's dashboard for the company. The products sales totals are categorized by month, beginning at the filing of the bankruptcy case on January 7th, 2024, and each month until the end of March, 2024. This visualization includes a trendline that exhibits a gradual upward slope at a rate of 5.59% per year, indicating an overall positive trajectory since the filing of the bankruptcy. One important caveat is that while the data in the chart represents the majority of our product sales, accounting for approximately 90%, it does not encompass all revenue streams, as it exclusively reflects sales on the Amazon platform. The depicted seasonal peaks during the spring and summer and the troughs in winter correspond to the demand cycles for our main product offerings.



9. As illustrated in this sales chart, the average sales on Amazon during the warmer months (referred to here as “summer months” meaning April-September) are notably higher than income during the other months. In addition, this chart shows a trendline indicating a 5.9% yearly growth trajectory based on this sample of time.

10. On top of the sales on the Amazon platform, we have realized sales through other platforms and other retailers directly. We have compiled income from these sources up through September 2023. From the date of filing until the end of September 2023 the average monthly sales from other retailers is \$5,849 per month on average (\$7,194 per month during summer months and \$3,157 per month during winter months).

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Date	Product Sales (Amazon)	Product Sales (Non-Amazon)	Total Sales	Seasonality
Jan 7th-31st, 2023	\$76,084	\$0	\$76,084	Winter
\$44,958	\$28,678	\$6,102	\$34,780	Winter
\$44,986	\$19,191	\$3,368	\$22,559	Winter
\$45,017	\$78,272	\$0	\$78,272	Summer
\$45,047	\$76,113	\$0	\$76,113	Summer
\$45,078	\$75,509	\$11,261	\$86,770	Summer
\$45,108	\$77,594	\$0	\$77,594	Summer
\$45,139	\$73,130	\$4,218	\$77,348	Summer
\$45,170	\$40,390	\$27,688	\$68,078	Summer
\$45,200	\$47,358	-	\$47,358	Winter
\$45,231	\$63,463	-	\$63,463	Winter
\$45,261	\$68,851	-	\$68,851	Winter
\$45,292	\$61,049	-	\$61,049	Winter
\$45,323	\$43,509	-	\$43,509	Winter
\$45,352	\$67,965	-	\$67,965	Winter
Average	\$59,810	\$5,849	\$63,320	
Average Winter Sales	\$52,905	\$3,157	\$56,062	
Average Summer Sales	\$70,168	\$7,194	\$77,362	

11. In order to show feasibility under the plan, I can outline our monthly expenses for comparison. Our average monthly expenses from last year, 2023, are as follows:

- a. FBA ("Fulfilled by Amazon") fee: \$1,534 per month.
- b. Refunds: \$8,479 per month.
- c. Advertising: \$4,962 per month.
- d. Shipping: \$5,523 per month.
- e. Duty Taxes: \$7,071 per month.
- f. Payroll: \$7,000 per month
- g. Warehouse Rent: \$4,809 per month.
- h. Total Expenses: \$39,379 per month

12. Combining our average monthly sales orders and our average monthly expenses inline with the payments due under the terms of the proposed plan would show that the plan payments are feasible. While certain months (months 7-10) would result in a negative cash flow, there would be sufficient cash on hand to sustain the business during that period of time.

Month		Average Income (Summer average \$77,362) (Winter Average \$56,062)	Bank of America Refund	Average Business Expenses	Average Net Income	Plan Payments	Monthly Net Cash After Plan Payment	Cash on Hand
1	Apr 2024	\$77,362	\$18,900	\$39,379	\$56,883	\$31,384	\$25,499	\$25,499
2	May 2024	\$77,362	\$0	\$39,379	\$37,983	\$14,384	\$23,599	\$49,098
3	Jun 2024	\$77,362	\$0	\$39,379	\$37,983	\$10,487	\$27,496	\$76,595
4	Jul 2024	\$77,362	\$0	\$39,379	\$37,983	\$35,487	\$2,496	\$79,091
5	Aug 2024	\$77,362	\$0	\$39,379	\$37,983	\$35,487	\$2,496	\$81,587
6	Sep 2024	\$77,362	\$0	\$39,379	\$37,983	\$35,487	\$2,496	\$84,083
7	Oct 2024	\$56,062	\$0	\$39,379	\$16,683	\$35,487	-\$18,804	\$65,279
8	Nov 2024	\$56,062	\$0	\$39,379	\$16,683	\$35,487	-\$18,804	\$46,476
9	Dec 2024	\$56,062	\$0	\$39,379	\$16,683	\$35,487	-\$18,804	\$27,672
10	Jan 2025	\$56,062	\$0	\$39,379	\$16,683	\$24,846	-\$8,163	\$19,509
11	Feb 2025	\$56,062	\$0	\$39,379	\$16,683	\$5,460	\$11,223	\$30,732
12	Mar 2025	\$56,062	\$0	\$39,379	\$16,683	\$8,487	\$8,196	\$38,929
13	Apr 2025	\$77,362	\$0	\$39,379	\$37,983	\$23,145	\$14,838	\$53,767
14	May 2025	\$77,362	\$0	\$39,379	\$37,983	\$10,145	\$27,838	\$81,605
15-60	-	\$63,320	\$0	\$39,379	\$23,941	\$8,145	\$15,796	-

13. These projections are based on the assumption that the growth rate remains consistent and that no significant changes occur in the market or our company's operations. I believe that these projections are reasonable and provide a sound basis for the proposed bankruptcy plan.

14. In conclusion, the substantial payments already made to Amazon, coupled with our improving business fundamentals and improving sales trend increases our confidence in the plan's feasibility. We are prepared and committed to successfully executing this plan.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed on April 16th, 2024

/s/ Jing Liu

Jing Liu, President
Christone Distribution

EXHIBIT A

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- i** The pending loan balance and loan status shown is for information purposes only and does not constitute an attempt to collect, or offset against, a debt, or impose personal liability for such obligation, if you are currently in active bankruptcy or to the extent you have received a discharge, or if there has been a formal settlement executed on the remaining balance. You are not required to repay a debt that has been discharged or settled, and any payment you make on the account is voluntary. **X**

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Loan **XXXXXXXX8277** [Frequently Asked Questions](#) | [Contact us](#)
as of Apr 10, 2024

Payment information

Payment status **Past due**

Discharged amount **i** \$0.00

Loan information[Download loan agreement \(PDF\)](#)

Loan origination date Jun 10, 2022

Loan maturity date Jun 10, 2023

Original loan amount \$640,000.00

Monthly payment \$56,561.52

Interest rate 10.99%

Annual interest rate on past due amount **i** 12.99%

Next billing date May 10, 2023

Previous loan(s) pay-off \$195,095.72

Transaction history

-

Date

Transaction description

Amount

FEEDBACK

Apr 4, 2024		-\$26,758.79
Apr 4, 2024		-\$3,241.21
Jan 16, 2024	Auto-payment from selling account - principal	-\$10,000.00
Jan 16, 2024	Auto-payment from selling account - interest	\$0.00
Jan 2, 2024	Auto-payment from selling account - principal	-\$10,000.00
Jan 2, 2024	Auto-payment from selling account - interest	\$0.00
Dec 19, 2023	Auto-payment from selling account - principal	-\$10,000.00
Dec 19, 2023	Auto-payment from selling account - interest	\$0.00
Dec 1, 2023		-\$4,291.00
Dec 1, 2023		\$0.00
Nov 7, 2023	Auto-payment from selling account - principal	-\$747.40
Nov 7, 2023	Auto-payment from selling account - interest	-\$2,930.59
Oct 30, 2023	Auto-payment from selling account - principal	-\$11,197.08
Oct 30, 2023	Auto-payment from selling account - interest	-\$106.92
Oct 16, 2023	Auto-payment from selling account - principal	-\$9,529.81
Oct 16, 2023	Auto-payment from selling account - interest	\$0.00
Oct 2, 2023	Auto-payment from selling account - principal	-\$9,166.53
Oct 2, 2023	Auto-payment from selling account - interest	\$0.00
Sep 18, 2023	Auto-payment from selling account - principal	-\$10,000.00
Sep 18, 2023	Auto-payment from selling account - interest	\$0.00
Sep 4, 2023	Auto-payment from selling account - principal	-\$10,000.00
Sep 4, 2023	Auto-payment from selling account - interest	\$0.00
Aug 21, 2023	Auto-payment from selling account - principal	-\$6,948.45
Aug 21, 2023	Auto-payment from selling account - interest	-\$3,051.55
Aug 7, 2023	Auto-payment from selling account - principal	-\$10,000.00
Aug 7, 2023	Auto-payment from selling account - interest	\$0.00
Jul 24, 2023	Auto-payment from selling account - principal	-\$10,000.00
Jul 24, 2023	Auto-payment from selling account - interest	\$0.00
Jul 10, 2023	Auto-payment from selling account - principal	-\$10,000.00
Jul 10, 2023	Auto-payment from selling account - interest	\$0.00
Jun 26, 2023	Auto-payment from selling account - principal	-\$10,000.00

FEEDBACK

Jun 26, 2023	Auto-payment from selling account - interest	\$0.00
Jun 12, 2023	Auto-payment from selling account - principal	-\$10,000.00
Jun 12, 2023	Auto-payment from selling account - interest	\$0.00
May 29, 2023	Auto-payment from selling account - principal	-\$6,989.22
May 29, 2023	Auto-payment from selling account - interest	-\$3,010.78
May 15, 2023	Auto-payment from selling account - principal	-\$10,000.00
May 15, 2023	Auto-payment from selling account - interest	\$0.00
May 1, 2023	Auto-payment from selling account - principal	-\$10,000.00
May 1, 2023	Auto-payment from selling account - interest	\$0.00
Apr 17, 2023	Auto-payment from selling account - principal	-\$2,030.75
Apr 17, 2023	Auto-payment from selling account - interest	\$0.00
Apr 10, 2023	Auto-payment from selling account - principal	-\$20,000.00
Apr 10, 2023	Auto-payment from selling account - interest	\$0.00
Apr 10, 2023	Interest on prior month past due amount	\$1,715.25
Apr 10, 2023	Interest	\$1,525.96
Mar 10, 2023	Interest	\$2,025.42
Mar 10, 2023	Interest on prior month past due amount	\$1,012.09
Feb 10, 2023	Interest on prior month past due amount	\$531.21
Feb 10, 2023	Interest	\$2,520.34
Feb 3, 2023	Refund	\$31,845.83
Jan 23, 2023	Auto-payment from selling account - principal	-\$31,845.83
Jan 23, 2023	Auto-payment from selling account - interest	\$0.00
Jan 12, 2023	ACH payment adjustment	\$48,269.92
Jan 10, 2023	Interest	\$3,010.78
Jan 9, 2023	ACH payment - principal	-\$48,269.92
Jan 9, 2023	ACH payment - interest	\$0.00
Jan 4, 2023	Auto-payment from selling account - principal	-\$4,794.84
Jan 4, 2023	Auto-payment from selling account - interest	-\$3,496.76
Dec 10, 2022	Interest	\$3,496.76
Dec 7, 2022	Auto-payment from selling account - principal	-\$3,868.07
Dec 7, 2022	Auto-payment from selling account - interest	\$0.00

FEEDBACK

Nov 23, 2022	Auto-payment from selling account - principal	-\$48,715.11
Nov 23, 2022	Auto-payment from selling account - interest	-\$3,978.34
Nov 10, 2022	Interest	\$3,978.34
Oct 10, 2022	Auto-payment from selling account - principal	-\$52,105.98
Oct 10, 2022	Auto-payment from selling account - interest	-\$4,455.54
Oct 10, 2022	Interest	\$4,455.54
Sep 23, 2022	Auto-payment from selling account - principal	-\$51,633.10
Sep 23, 2022	Auto-payment from selling account - interest	-\$4,928.42
Sep 10, 2022	Interest	\$4,928.42
Aug 23, 2022	Auto-payment from selling account - principal	-\$51,164.52
Aug 23, 2022	Auto-payment from selling account - interest	-\$5,397.00
Aug 10, 2022	Interest	\$5,397.00
Jul 29, 2022	Auto-payment from selling account - principal	-\$6,148.67
Jul 29, 2022	Auto-payment from selling account - interest	\$0.00
Jul 15, 2022	Auto-payment from selling account - principal	-\$44,551.52
Jul 15, 2022	Auto-payment from selling account - interest	-\$5,861.33
Jul 10, 2022	Interest	\$5,861.33
Jun 10, 2022	Origination fee payment	\$0.00
Jun 10, 2022	Origination fee	\$0.00
Jun 10, 2022	Loan amount	\$640,000.00

Frequently Asked Questions

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